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BIWEEKLY REPORT

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

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23 October 1961

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

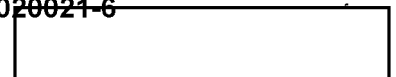


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Summary of Events*
6-19 October 1961

Efforts of the USSR to conclude civil air agreements outside the Bloc and to sell its aircraft in underdeveloped countries have focused attention on the degree to which Soviet jet and turboprop transports are competitive with comparable Free World models. Although there are few important differences in speed, range, and carrying capacity between Soviet and Free World high-performance transports, Free World planes are generally superior in fuel economy, maintenance, durability, safety, and comfort. In order to counteract these advantages, the USSR has offered its aircraft at reduced prices and on favorable credit terms.

Poland and Hungary have arrived at specific agreements with Indonesia on a number of small projects to be financed under lines of credit recently extended.

The USSR has agreed to extend assistance for Afghanistan's Second Five Year Plan. New economic and technical cooperation pacts signed on 16 October provide aid in such fields as petroleum, chemicals, road construction, agriculture, and geological surveys. On 6 September, Poland signed economic and technical aid agreements with Afghanistan. The amount and terms of aid to be provided under the Soviet and Polish agreements are not yet known.

Peiping has overcome earlier Nepalese reluctance and now has obtained approval to build a road from the Tibet border to Katmandu.

A Chinese Communist delegation visiting Rangoon in September advised the Burmese that, during the forthcoming year, Peiping would be unable to provide items such as fertilizer and irrigation pumps under the \$84 million economic credit extended early this year. China's current agricultural crisis was given as the reason for the present unavailability of such goods for export.

* An unclassified table summarizing Bloc economic credits and grants to underdeveloped countries, 1 January 1954 - 30 September 1961, is included in this issue on p. 11.

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A review of Bloc military aid in West African areas indicates that the USSR and Czechoslovakia are continuing well-established policies and practices -- providing financial and technical assistance for modernizing and expanding the armed forces of the newly independent states as well as for equipping and training dissident forces within colonial territories.

During President Nkrumah's visit to the Bloc in late summer, some new arrangements were made for Soviet-Ghanaian economic cooperation, and the groundwork was established for additional arrangements with other Bloc countries. The recent arrangements point toward greater Bloc financial and technical support for Ghana's economic development efforts and the existence of a program under which the USSR is to provide training for Ghanaian military personnel.

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Sino-Soviet Bloc Economic Credits and Grants
 Extended to Underdeveloped Countries of the Free World a/*
 1 January 1954 - 30 September 1961

Million US \$			
<u>Area and Country</u>	<u>Total</u>	<u>Credits</u>	<u>Grants</u>
Total	<u>4,241</u>	<u>4,100</u>	<u>141</u>
<u>Latin America</u>	<u>465</u>	<u>465</u>	<u>0</u>
Argentina	104	104	0
Brazil	4	4	0
Cuba	357	357	0
<u>Middle East</u>	<u>1,335</u>	<u>1,326</u>	<u>9</u>
Afghanistan	217 <u>b/</u>	217 <u>b/</u>	0
Egypt	624	619	5
Iran	6	6	0
Iraq	216	216	0
Pakistan	33	30	3
Syria	178	178	0
Turkey	17	17	0
Yemen	44	43	1
<u>Africa</u>	<u>508</u>	<u>496</u>	<u>12</u>
Ethiopia	114	112	2
Ghana	108	108	0
Guinea	113	104	9
Mali	57	57	0
Somalia	58	57	1
Sudan	22	22	0
Tunisia	36	36	0

* Footnotes for the table follow on p. 12.

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Sino-Soviet Bloc Economic Credits and Grants
 Extended to Underdeveloped Countries of the Free World a/
 1 January 1954 - 30 September 1961
 (Continued)

Million US \$			
<u>Area and Country</u>	<u>Total</u>	<u>Credits</u>	<u>Grants</u>
<u>Asia</u>	<u>1,817</u>	<u>1,697</u>	<u>120</u>
Burma	96	96	0
Cambodia	71	14	57
Ceylon	58	42	16
India	946	944	2
Indonesia	603	601	2
Nepal	43	0	43
<u>Europe</u>	<u>116</u>	<u>116</u>	<u>0</u>
Iceland	5	5	0
Yugoslavia	111 <u>c/</u>	111 <u>c/</u>	0

- a. Because of rounding, figures may not add to totals.
 b. Including some grant aid, but a breakdown is not possible.
 c. Not including about \$353 million in credits extended in 1956 and subsequently either canceled or allowed to expire.

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